

## REVISED ANALYSIS

Author: Strickland Analyst: Rachel Coco Bill Number: AB 62  
Related Bills: See Prior Bill Analysis Telephone: 845-4328 Date of Analysis Being Revised February 10, 2005  
Attorney: Patrick Kusiak Sponsor: \_\_\_\_\_

**SUBJECT:** Homeowner's Property Tax Exemption Increase

- ☒ REVENUE ESTIMATE CHANGED.  
☐ FURTHER CONCERNS IDENTIFIED.  
☐ REMAINDER OF PREVIOUS ANALYSIS OF BILL AS INTRODUCED/AMENDED  
STILL APPLIES.  
☐ OTHER – See comments below.

**SUMMARY OF BILL**

This bill would increase the homeowner's property tax exemption for certain individuals.

**SUMMARY OF REVISION**

The revenue estimate contained in the department's analysis of the bill as amended February 10, 2005, has been revised to reflect the fiscal year split between property tax payments that would be affected by this bill.

The remainder of the department's analysis of the bill as amended February 10, 2005, still applies.

**POSITION**

Pending.

## Board Position:

☐ S ☐ NA ☐ NP  
☐ SA ☐ O ☐ NAR  
☐ N ☐ OUA ☒ PENDING

## Legislative Director

Brian Putler

## Date

4/13/05

## ECONOMIC IMPACT

Estimate originally contained in analysis of bill as amended February 10, 2005.

Estimated Revenue Impact of AB 62 For Assessment Years Beginning On Or After January 1, 2006 With Enactment Assumed After June 30, 2005 In Millions		
2005-06	2006-07	2007-08
\$1	\$17	\$32

### Revised Estimate

Based on data and assumptions discussed below, the revenue gain from this bill is as follows:

REVISED Estimated Revenue Impact of AB 62 For Assessment Years Beginning On Or After January 1, 2006 With Enactment Assumed After June 30, 2005 In Millions		
2005-06	2006-07	2007-08
+\$1	+\$10	+\$57

This estimate does not consider possible changes in employment, personal income, or gross state product that could result from this bill.

### Revenue Discussion

The revenue impact of this bill is dependent on the dollar value decrease in property taxes reported as itemized deductions for income tax purposes.

The Board of Equalization estimates the loss of property tax revenue to be approximately \$245 million for calendar year 2006. Assuming that 75% of this amount would accrue to taxpayers who itemize their deductions and applying an average marginal tax rate of 7%, revenue gains are estimated to be approximately \$13 million ( $(\$245 \text{ million} \times 75\%) \times 7\%$ ) for calendar year 2006. Since assessments paid in 2006 would not be deducted until 2007, the 2006-07 impact contains only the portion of the assessments paid in 2006. The 2007-08 impact includes the payment of the remaining 2006 assessment and a portion of the 2007 assessment paid in 2007. This estimate has been adjusted to reflect the payment of property tax assessments that could be split between fiscal years.

## LEGISLATIVE STAFF CONTACT

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